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The attached was requested by  
[redacted] Chairman of the Technology  
Transfer Intelligence Committee's Working  
Group on France. It will be used as part  
of a SIG-directed study on the loss of  
strategically significant technologies  
through France. The final draft will be  
submitted to the SIG in August 1983.

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## EUR A

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Statutory and Policy Setting for Controlling Technology Transfer

French export controls are intended to cover all countries, companies, and products that directly affect French security. The previously existing system was replaced in December 1981, when France instituted a new, tougher, and more centralized internal review procedure. This brings together representatives of the military, trade, and foreign political bureaucracies in a single evaluation and decision process. The responsibility for final decisions on strategic goods is held by the Prime Minister's office, with the General Secretariat of the National Defense (SGDN) providing staff support and overall coordination. Other key actors in the decisionmaking process are the Ministries of Defense, External Relations, and Industry. The combined Economy, Finance, and Budget Ministry and the Foreign Trade Ministry are involved to a lesser extent. 25X1

The positions of the ministries and agencies on controlling sales of sensitive technology have been fairly consistent and generally reflect their functional areas of responsibility. The SGDN, which combines some of the functions of the CIA and NSC staff, and the Defense Ministry, which is concerned with national security, usually focus on the military implications and take a hard line on these issues. The Industry Ministry, the Economy, Finance, and Budget Ministry, and the Foreign Trade Ministry, which focus on trade promotion and economic growth, tend to adopt more liberal positions. The External Relations Ministry's balancing of security and political considerations often results in their taking the middle ground. President Mitterrand's concern with controlling sales of technology that could improve Soviet military capabilities has, however, often resulted in the views of the SGDN and the Defense Ministry being given more weight. 25X1

The new French national strategic controls procedure is intended to protect national security without damaging trade interests by fostering close government cooperation with industry. As firms have become used to the system, consultations between government and business in the early stages of export decisions have become more frequent. According to US Embassy officials, proper procedure for exporting controlled items involves the following steps:

- Firms on a special list of competitors for sales of possibly sensitive equipment or technology to a controlled country initially contact the Industry or External Relations Ministry to determine if an item is subject to national controls and requires special export authorization. The initial determination is made by the Ministry of Industry in consultation with other ministries and with the assistance of experts from 25X1 industry, if necessary.

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- [REDACTED]
- Recommendations for export authorizations are then submitted to an interministerial committee consisting of representatives from the SGDN and the Ministries of Defense, Foreign Trade, Industry, and External Relations. Unanimous agreement is needed to approve or deny a request and consultations may sometimes be held with the firm to see if modifications can be made to satisfy the objections of a committee member.
  - If the committee is unable to reach a consensus within one month, the case is decided by the Prime Minister. The latter may involve the President in particularly sensitive cases. [REDACTED]

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Controls on French exports are defined in a variety of published decrees. In addition, some aspects of export administration -- notably lists of specific controlled items -- are handled in unpublished confidential decrees. The formulation, management, and administration of customs codes are handled by the Directorate General of Customs and Indirect Taxes, a division of the Economy, Finance, and Budget Ministry. The National Directorate of Customs Investigations (DNED) has primary responsibility for the enforcement of controls and the investigation and prosecution of violations. The intelligence services and judicial police also play an important role. The French equivalent of the FBI, The Directorate of Territorial Surveillance (DST), for example, was instrumental in gathering the evidence that led to the recent Soviet expulsions. Criminal sanctions for violations provide for triple fines and imprisonment up to three years for a first offense. French law also provides for administrative and civil penalties. [REDACTED]

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#### French Attitudes on East-West Trade

Like most West Europeans, the French have long held that increasing East-West trade serves the economic and political interests in the West. They have argued that the French and other Europeans share a common history with and geographic proximity to the Soviet Union and over the longer term have no palatable alternative to economic cooperation with it. Not only

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are the advanced industrial economies of the West and the raw material- and energy-rich Soviet economy complementary, but to deny the Soviets trade would only strengthen their view of the West as inalterably hostile and heighten the risk of mutually destructive conflict. Finally, the French have also held that the Soviet economy is too strong to be affected by economic sanctions, which would only antagonize Moscow without modifying Soviet behavior.

Although these views still have strong support in France, French attitudes have stiffened markedly under the Mitterrand government.

The shift in French attitudes under Mitterrand reflects in part the traditional suspicion of Soviet motives held by most French Socialists. This suspicion is fully shared by Mitterrand, who can recall that the Soviets clearly favored the reelection of former President Giscard d'Estaing. Paris' new policy may also reflect French disenchantment with the economic benefits of trade

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with the USSR, which has been increasingly weighted in favor of the USSR because of heavy French energy imports.

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